

When Recorded Return to:
Oregon Housing and Community Services
725 Summer Street, Suite B
Salem, OR 97301-1266
Attn: Multifamily Housing

2020-004867
Klamath County, Oregon
04/16/2020 12:05:26 PM
Fee: \$267.00

SPACE ABOVE FOR RECORDER'S USE

STATE OF OREGON
HOUSING AND COMMUNITY SERVICES DEPARTMENT
LOCAL INNOVATION AND FAST TRACK HOUSING PROGRAM
LINE OF CREDIT TRUST DEED, SECURITY AGREEMENT,
FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS

Statutory Notice

The maximum principal amount to be advanced pursuant to the Loan Agreement (as defined below) is **\$7,225,702**. Such amount may be exceeded (at Beneficiary's option) to complete the construction of previously agreed-upon improvements on the Land (as defined below) pursuant to ORS 86.155(2)(c).

The maturity date (exclusive of any option to renew or extend the maturity date) is **December 31, 2052**.

This Trust Deed secures an obligation incurred for the construction of improvements on land and constitutes a construction mortgage as defined in ORS 79.0334.

The tax account numbers for the real property subject to this instrument is 899181.

THIS LINE OF CREDIT TRUST DEED, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS ("**Trust Deed**") is made this **1st** day of **April, 2020**, by and among **Sunrise Vista Apartments, LLC**, an Oregon limited liability company having its office at 1007 NW Rimrock Drive Redmond, Oregon 97756, as "**Ground Lessee**," **Klamath Housing Authority**, an Oregon public body corporate and politic having its office at 1445 Avalon Street, Klamath Falls, Oregon 97601, as "**Ground Lessor**," **AmeriTitle** having its office at 300 Klamath Ave Klamath Falls, Oregon 97601, as "**Trustee**," and the **State of Oregon**, acting by and through its **Housing and Community Services Department**, together with its successors and assigns, having its office at 725 Summer Street, Suite B, Salem Oregon 97301-1266, as "**Beneficiary**."

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All capitalized terms not defined herein will have the respective meanings given thereto in the Loan Agreement, Note, or Operating Agreement (as defined below).

Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. GRANT AND CONVEYANCE.

FOR VALUE RECEIVED, and for the purpose of securing the Obligations (as defined below), the Ground Lessor and Ground Lessee (hereinafter referred to together as "**Grantor**") hereby irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee, in trust, for the benefit and security of the Beneficiary, WITH POWER OF SALE and right of entry and possession, (a) all of Ground Lessor's fee interest in and to that certain real property in the City of Klamath Falls, County of Klamath, and State of Oregon, described on **Exhibit A** attached hereto and by this reference incorporated herein (the "**Land**"), and (b) all of Ground Lessee's leasehold estate, right, title, and interest in, to, and under the Land pursuant to that certain Lease Agreement dated April 16, 2020, between Ground Lessor and Ground Lessee with respect to the Land or the Improvements (as defined below) (together with all addendums, the "**Ground Lease**");

TOGETHER WITH a security interest in, and a lien upon, all improvements, property and property rights associated with the Land, and all proceeds thereof, whether now owned or hereafter acquired, including, but not limited to, the following:

All buildings, structures and improvements now or at any time hereafter erected, constructed and situated upon the Land or any part thereof (collectively, "**Improvements**") and all apparatus, appliances, furnaces, boilers, machinery, engines, equipment and other like property and fixtures of every kind and description now or hereafter affixed or attached to or located in any such Improvements;

All furniture, fixtures (including without limitation appliances), equipment, and other personal property used in connection with the operation of the Land and Improvements; and

All general intangibles, licenses, accounts, contracts and contract rights (including construction and architect contracts), leases, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements, Rents (as defined in Section 4 below), plans and specifications, engineering environmental or other reports and studies, management contracts or agreements, zoning rights and privileges, permits, and certificates required, used or created in connection with the construction, ownership, operation or maintenance of the Land or Improvements.

The Land, Improvements, and all other property and interests described above are hereinafter collectively referred to as the "**Property**".

TO HAVE AND TO HOLD the Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations are paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed will be reconveyed.

Ground Lessee is indebted to Beneficiary according to the terms of the Note of even date herewith in the principal amount of **\$7,225,702**, under which the final payment will be due on **December 31, 2052**. The Note, together with any note or notes given in renewal, modification, substitution or in addition to the promissory note originally issued, is referred to herein as the "**Note**." This Trust Deed, and the lien and security interest granted hereunder, are given to secure (a) repayment of all principal, interest and other charges under the Note, (b) performance of all obligations of Ground Lessee under that certain Loan Agreement of even date herewith between Ground Lessee and Beneficiary, as amended from time to time ("**Loan Agreement**"), (c) performance of all obligations of Ground Lessee under that certain Operating Agreement and Declaration of Land-Use Restrictive Covenants of even date herewith between Ground Lessee and Beneficiary, as amended from time to time ("**Operating Agreement**"), (d) any future amounts that Beneficiary may in its discretion loan to Ground Lessee, with interest thereon, (e) any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Beneficiary or Trustee to enforce obligations of Grantor, as permitted under this Trust Deed, with interest thereon at the Default Rate, (f) performance of all other obligations of Grantor under this Trust Deed or under the Note, (g) the payment and performance of all covenants and obligations in all other Loan Documents, and (h) the payment and performance of any and all other indebtedness and obligations of Grantor to Beneficiary of any nature whatsoever, whether direct or indirect, primary or secondary, joint or several, liquidated or unliquidated, whenever and however arising, and whether or not reflected in a written agreement or instrument (all of the foregoing collectively sometimes referred to as "**Obligations**").

TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR COVENANTS AND AGREES TO THE TERMS SET FORTH IN THIS TRUST DEED.

2. REPRESENTATIONS, WARRANTIES, AND COVENANTS

Grantor represents, warrants and covenants as follows:

2.1 **Title.** Grantor warrants that Ground Lessor holds merchantable title to the Property in fee simple (the "**Fee Title Estate**") and that Ground Lessee holds a merchantable leasehold title to the Property (the "**Leasehold Estate**"), and the Property is free and clear of any trust deed, mortgage, lien, charge, encumbrance, easement, reservation, restriction, adverse claim or other matter affecting title thereto, other than property taxes not yet due and payable, utility easements, matters permitted by Beneficiary as set forth in **Exhibit B** (collectively, "**Permitted Exceptions**"), and matters otherwise expressly permitted by this Trust Deed or the Priority and Subordination Agreement executed by Beneficiary and Grantor as of the date hereof. Grantor will maintain, preserve and defend the lien of this Trust Deed until the Obligations secured hereby have been paid in full.

2.2 Performance. Grantor shall pay to Beneficiary promptly when due all amounts due under the Note, the Loan Agreement, this Trust Deed, and any other Loan Documents, and shall strictly perform all Obligations, including all obligations imposed upon Grantor by this Trust Deed.

2.3 Maintain Property; Completion, Repair and Restoration. Grantor will protect, preserve and maintain, at Grantor's expense, all Improvements in good order and repair and will not permit or cause any waste of the Property, and will repair and restore promptly and in a good and workmanlike manner, any Improvement on the Property that may be damaged or destroyed by any casualty (whether or not insured against or insurable) or affected by any Condemnation (as defined in Section 7 below) and shall pay all costs incurred therefor. Prior to commencement of any construction Grantor shall submit the plans and specifications for Beneficiary's approval and furnish evidence of sufficient funds to complete the work. Grantor shall not conduct or permit any nuisance to be maintained on the Land. Grantor will not remove from the Land or demolish any of the Improvements.

2.4 Books and Records; Access by Beneficiary and Trustee.

(a) Ground Lessee will keep complete and accurate records and books of account with respect to the Property and its operation in accordance with generally accepted accounting principles consistently applied. Ground Lessee will permit Trustee, Beneficiary, and their authorized representatives to examine and make copies or extracts of the records and books of account of the Ground Lessee with respect to the Property and the Improvements, all at any reasonable times as Beneficiary or Trustee may choose.

(b) Trustee, Beneficiary and their agents and representatives may, upon twenty-four (24) hours' prior notice, except in the case of an emergency when no notice will be required, enter upon the Property to attend to Beneficiary's interest and to inspect the Property. This provision will not be construed to allow Trustee, Beneficiary or their agents or representatives to violate (or cause the owner or manager to violate) the provisions of the Oregon Landlord Tenant Act.

2.5 Insurance. Ground Lessee shall obtain and maintain (a) commercial general liability insurance (including liabilities assumed under contract), naming Beneficiary, its employees and agents as additional insureds, covering the Improvements and the Land and the work and business conducted thereon, with such limits, coverages, and risks insured as Beneficiary may reasonably request from time to time, (b) insurance against loss or damage to the Improvements and other tangible Property (other than the Land) by fire and any of the risks covered under an "all risk" policy, with extended coverage and course of construction endorsements and with endorsements for replacement cost, inflation adjustment, malicious mischief, and sprinkler damage coverages, and with a standard lender's loss payable clause naming as beneficiary "State of Oregon, by and through its Housing and Community Services Department," in an amount not less than the full replacement value of the Improvements, without reduction for coinsurance, and (c) unless Beneficiary otherwise agrees in writing, rent loss or business interruption insurance in an amount no less than the total annual rents provided for in all leases for the Property. In addition, Ground Lessee will obtain and maintain all other insurance coverages designated by

Beneficiary, which at the time are commonly carried for similar property, in any amounts that Beneficiary may require. In each case the insurance must (i) be written by a company or companies acceptable to Beneficiary, (ii) contain a long-form mortgagee clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, subject to the terms of this Trust Deed and the rights of any superior mortgagee or trust deed beneficiary, (iii) require at least 30 days' prior written notice to Beneficiary of cancellation or reduction of coverage, (iv) contain waivers of subrogation and endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of such insurance as against Beneficiary; and (v) be in full force and effect on the date of this Trust Deed. Grantor agrees that it will comply with the requirements of Beneficiary as to the purchase and maintenance of flood insurance, as those requirements are established by Beneficiary's policies and requirements in effect from time to time. Beneficiary must be named as an additional insured on all liability policies. The "loss payable" clause must identify all lenders as beneficiaries and indicate that payments be made to or among beneficiaries as their interests shall appear. Grantor will forward to Beneficiary certificates executed by the insurer or its agent evidencing the coverages required under this Trust Deed (and, if requested, copies of all policies and renewals thereof) together with proof of premiums paid for the current policy year.

WARNING:

Unless you (Grantor) provide us (Beneficiary) with evidence of the insurance coverage as required by our contract or Loan Agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

In the event of foreclosure of the lien of this Trust Deed or other transfer of title, or assignment of the Property in whole or in part, all right, title, and interest of Grantor in and to all policies of insurance procured under this Section 2.5 will inure to the benefit of and pass to the successors in interest of Grantor or the purchaser or grantee of all or any part of the Property.

After the occurrence of any casualty to the Property, whether or not required to be insured against as provided in this Trust Deed, Grantor will give prompt written notice of the casualty to Beneficiary, specifically describing the nature and cause of the casualty and the extent of the damage or destruction to the Property. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

Subject to the rights of any superior mortgagee or trust deed beneficiary, Grantor assigns to Beneficiary all insurance proceeds that Grantor may be entitled to receive with respect to any casualty. Beneficiary may, at its sole option, apply the insurance proceeds to the reduction of the Obligations in any order that Beneficiary may determine, whether or not the obligations are then due, or apply all or any portion of the insurance proceeds to the cost of restoring and rebuilding the portion of the Property that was damaged or destroyed, provided, however, Beneficiary will elect to apply the proceeds to restoration or rebuilding if insurance proceeds and any other funds provided by Grantor are sufficient, in Beneficiary's reasonable judgment to complete such restoration. If Beneficiary elects to apply the insurance proceeds to rebuilding and restoration, Beneficiary will be entitled to hold the proceeds, and the proceeds will be released only on the terms and conditions that Beneficiary may require in its sole discretion, including but not limited to prior approval of plans and release or waiver of construction liens. No proceeds will be released if an Event of Default has occurred.

2.6 Liens, Taxes and Assessments. Grantor shall, so long as this Trust Deed remains in force, keep the Property free from construction liens and shall timely pay all taxes, assessments, fees, levies, and all other governmental and nongovernmental charges of every nature now or hereafter assessed or levied against any part of the Property, or on the lien or estate of Beneficiary or Trustee ("**Impositions**"), before any fine, penalty, interest, or cost attaches, before any Imposition becomes past due or delinquent, and before commencement of any foreclosure or collection proceedings that may threaten the security of this Trust Deed. Grantor may, at its expense and after prior written notice to Beneficiary, contest by appropriate legal, administrative, or other proceedings conducted in good faith and with due diligence, the amount, validity, or application, in whole or in part, of any such Imposition, provided that (a) such proceedings will suspend collection from the Property; (b) no part of or interest in the Property will be sold, forfeited, or lost if Grantor pays the amount or satisfies the condition being contested, and Grantor would have the opportunity to do so in the event of Grantor's failure to prevail in the contest; (c) neither Beneficiary nor Trustee will, by virtue of the permitted contest, be exposed to any risk of liability for which Grantor has not furnished additional security as provided in clause (d) below; (d) Grantor furnishes to Beneficiary cash, corporate surety bond, or other additional security in respect of the claim being contested or the loss or damage that may result from Grantor's failure to prevail in the contest in an amount sufficient to discharge the Imposition and all interest, costs, attorney fees, and other charges that may accrue in connection therewith. Grantor will promptly satisfy any final judgment.

Grantor will furnish to Beneficiary, promptly upon request, satisfactory evidence of the payment of all Impositions. Beneficiary is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions.

Grantor shall not, without Beneficiary's prior written consent, place or allow any liens or encumbrances to be placed on the Property (other than Permitted Exceptions).

2.7 Other Loans Kept Current. Grantor shall timely make all payments due and perform all other covenants under all other loans secured by the Property.

2.8 Environmental Matters.

(a) (1) Grantor will not bring onto, store upon, bury, emit from, use, generate, manufacture, produce, store, release, discharge, or dispose of, on, under, or about the Property or the Property's groundwater, or transport to or from the Land, any Hazardous Material (as defined below) and will not permit any other person to do so, except for any Hazardous Material that may be used in the ordinary course of Grantor's business and in compliance with all Environmental Laws (as defined below), including but not limited to those relating to licensure, notice, and recordkeeping.

(2) Grantor will keep and maintain the Property in compliance with, and will not cause or permit all or any portion of the Property, including groundwater, to be in violation of any Environmental Law.

(3) Grantor will give prompt written notice to Beneficiary of:

(i) Any proceeding, inquiry, or notice by or from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any Hazardous Material on the Property or the migration of any Hazardous Material from or to other premises;

(ii) All known claims made or threatened by any person against Grantor or with respect to the Land or Improvements relating to any loss or injury resulting from any Hazardous Material or the violation of any Environmental Law;

(iii) The existence of any Hazardous Material on or about all or any portion of the Property;

(iv) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Land that could in Grantor's judgment cause any restrictions on the ownership, occupancy, transferability, or use of the Land under any Environmental Law.

(4) Grantor will promptly provide to Beneficiary copies of all reports, documents, and notices provided to or received from any agency administering any Environmental Laws. Beneficiary will have the right to join and participate, in its own name if it so elects, in any legal proceeding or action initiated with respect to the Land or Improvements in connection with any Environmental Law and to have its attorney fees in connection with such an action paid by Grantor, if Beneficiary determines that such participation is reasonably necessary to protect its interest in the Property.

(5) If at any time Beneficiary has reason to believe that any release, discharge, or disposal of any Hazardous Material affecting the Land or Improvements has occurred or is threatened, or if Beneficiary has reason to believe that a violation of an Environmental Law has occurred or may occur with respect to the Land or Improvements, Beneficiary may require Grantor to obtain or may itself obtain, at Grantor's expense, an environmental assessment of such condition or threatened condition by a qualified environmental consultant. Grantor shall promptly provide to Beneficiary a complete copy of any environmental assessment obtained by Grantor.

(6) If any investigation, site monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind or nature (the "**Remedial Work**") is required under any applicable Environmental Law, by any judicial order, or by any governmental agency or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Material on, under, or about all or any portion of the Land, or the contamination (whether currently existing or occurring after the date of this Trust Deed) of the buildings, facilities, soil, groundwater, surface water, air, or other elements on or under any other property as a result of Hazardous Material emanating from the Land, Grantor will, within 30 days after written demand by Beneficiary for Grantor's performance under this provision (or such shorter period of time as may be required under any applicable law, regulation, order, or agreement), commence and thereafter diligently prosecute to completion, all such Remedial Work.

(7) Grantor will pay all costs and expenses of that Remedial Work, including, without limitation, Beneficiary's reasonable attorney fees and costs incurred in connection with monitoring or reviewing the legal aspects of the Remedial Work. If Grantor fails to timely commence, or cause to be commenced, the Remedial Work, Beneficiary may, but will not be required to, cause the Remedial Work to be performed. In that event, all costs and expenses incurred in connection with the Remedial Work will become part of the Obligations secured by this Trust Deed and will bear interest until paid at the rate provided in the Note.

(b) Grantor shall indemnify, hold harmless and defend (subject to ORS Chapter 180) Beneficiary and its officers, employees, agents, successors, and assigns from, against and for any and all losses, liabilities, damages, injuries, liens, costs, expenses and claims (collectively, "**Claims**") directly or indirectly arising out of or relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Property of any Hazardous Material (including, without limitation, any Claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "superfund" or "super lien" law or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree applicable to the Property or to the operations thereon that regulates, relates to or imposes liability or standards of conduct concerning any Hazardous Material ("**Environmental Laws**"). For purposes of this Trust Deed, the term "**Hazardous Material**" shall mean any and all hazardous or toxic substances, wastes or materials as listed or defined by any Environmental Law.

(c) Grantor warrants to Beneficiary that, except as otherwise disclosed to Beneficiary, to the best knowledge and belief of Grantor and based on due and diligent inquiry by Grantor, (i) neither the Property nor Grantor is in violation of or subject to any existing, pending, or threatened investigation by any governmental authority under any Environmental Law, (ii) Grantor has not and is not required by any Environmental Law to obtain any permit or license other than those it has obtained to construct or use the Improvements, (iii) no Hazardous Material has ever been used, generated, manufactured, produced, stored, released, discharged, or disposed of on, under, or about the Property in violation of any Environmental Law, (iv) there are no Hazardous Materials in, upon, or buried on or beneath the Property or the Improvements, nor have any Hazardous Materials been emitted or released therefrom in violation of any Environmental Laws, and (v) there are not now, nor have there been, any underground storage tanks located on the Property, including any tanks used for the storage of Hazardous Materials.

(d) All representations, warranties, and covenants in this Section 2.8 will survive the satisfaction of the Obligations, the reconveyance of the Property, or the foreclosure of this Trust Deed by any means.

2.9 Compliance with Laws and Covenants. Grantor shall promptly comply with all federal, state, and local laws, ordinances and regulations, including without limitation all Environmental Laws, the Americans with Disabilities Act of 1990, and the Fair Housing Act of 1968 (all as amended or as may be amended from time to time) applicable to the use or occupancy of the Property. Grantor may contest in good faith and with diligence any law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Beneficiary's interest in the Property is not jeopardized. Grantor shall also comply with any and all covenants, conditions, easements, and restrictions affecting the Property, including any restrictive covenants and affordability requirements (including without limitation those contained in the Loan Agreement) applicable to the use or occupancy of the Property (collectively "**Covenants**").

2.10 Failure to Comply with Covenants. Should Grantor default in the performance of any of the covenants contained in this Trust Deed relating to payments of insurance, liens, taxes, assessments or other charges, and fail to cure such default within the applicable cure period set forth herein, Beneficiary may elect to pay any such amount and any payment so made will be added to the debt secured by this Trust Deed and will bear interest at the Default Rate under the Note until paid. Any such payment by Beneficiary will be without prejudice to Beneficiary's rights and remedies hereunder and will not be a waiver of default.

2.11 [Reserved]

2.12 Further Encumbrance. Grantor will pay when due all claims for labor, materials, or supplies that if unpaid might become a lien on all or any portion of the Property. Grantor shall not permit the Property to be further encumbered by additional liens for financing without the prior written consent of Beneficiary.

2.13 Impairment to Property. Grantor shall not, without Beneficiary's prior written consent, change the general nature of the occupancy of the Property, initiate, acquire or permit any change in any public or private restrictions (including, without limitation, a zoning reclassification) limiting the uses which may be made of the Property, or take or permit any action which would impair the Property or Beneficiary's lien or security interest in the Property.

2.15 Utilities. Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor or others for the benefit of or for service to the Property or which may become a charge or lien against the Property for gas, electricity, water, sewer or other utility services furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such assessments or charges are liens thereon.

2.16 Alterations, Removal and Demolition. Unless otherwise agreed in writing by Beneficiary, Grantor shall not structurally alter, remove or demolish any building or improvement on the Property without Beneficiary's prior written consent, except minor changes that do not reduce the number of units and do not affect Beneficiary's affordability requirements. Grantor shall not remove any fixture or other item or property which is part of the Property without Beneficiary's prior written consent unless the fixture or item of property is replaced by an article of equal suitability, owned by Grantor free and clear of any lien or security interest.

2.17 Disclosure of Material Facts. Grantor shall keep Beneficiary fully and currently informed as to all material facts and developments regarding Grantor and the construction and operation of the Property, including any facts that are necessary to make all previous disclosures and representations not misleading. Without thereby limiting the generality of the foregoing, Grantor shall promptly notify Beneficiary of any investigation, action, or proceeding that might affect the title, value, or utility of the Property, or the security interest of Beneficiary under this Trust Deed, and Grantor shall appear and participate in any such investigation, action, or proceeding unless excused by Beneficiary in writing. In the event that Grantor, in Beneficiary's reasonable judgment, fails to participate diligently in any such investigation, action, or proceeding, Beneficiary may appear and participate in such investigation, action, or proceeding and settle or compromise claims in connection therewith.

2.18 Further Assurances, Filing, Refiling, Etc.

(a) Grantor will execute, acknowledge, and deliver, from time to time, any further instruments that Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

(b) Immediately on the execution and delivery of this Trust Deed, and thereafter from time to time, Grantor will cause this Trust Deed, any supplemental security agreement, mortgage, or deed of trust and each instrument of further assurance, to be recorded and rerecorded in the manner and in the places that may be required by any present or future law in order to perfect, and continue perfected, the lien and estate of this Trust Deed.

(c) Grantor will pay all filing and recording fees, and all expenses incident to the execution, filing, recording, and acknowledgment of this Trust Deed; any security agreement, mortgage, or deed of trust supplemental to this Trust Deed and any instrument of further assurance; and all federal, state, county, and municipal taxes, assessments, and charges arising out of or in connection with the execution, delivery, filing, and recording of this Trust Deed, any supplemental security agreement, mortgage, or deed of trust and any instrument of further assurance.

2.19 No Merger of Fee Title Estate and Leasehold Estate. So long as any Obligations are outstanding under the Loan Documents, unless Beneficiary shall otherwise consent in writing, the Fee Title Estate and the Leasehold Estate shall not merge but shall always be kept separate and distinct, notwithstanding the union of such estates in Ground Lessor, Ground Lessee, Beneficiary, or in any other person by purchase, operation of law, or otherwise. Beneficiary reserves the right, at any time, to release from the lien of this Trust Deed portions of the Property, including, but not limited to, the Leasehold Estate or the Fee Title Estate, with or without consideration, at Beneficiary's election, without waiving or affecting any of its rights hereunder or under the Loan Documents, and any such release shall not affect Beneficiary's rights in connection with the portion of the Property not so released.

2.20 Ground Lessee's Acquisition of Fee Estate. If Ground Lessee, so long as any of Obligations under the Loan Documents remain outstanding, shall become the owner and holder of the Fee Title Estate, the lien of this Trust Deed shall be spread to cover Ground Lessee's interest in the Fee Title Estate. In such event, Ground Lessee agrees, at its sole cost and expense, to: (i) execute any and all documents or instruments necessary to subject its Fee Title Estate to the lien of this Trust Deed; (ii) provide Beneficiary a title insurance policy which shall insure that the lien of this Trust Deed is a first lien on Ground Lessee's Fee Title Estate; and (iii) pay all reasonable attorney fees incurred by Beneficiary in connection with the above.

3. SECURITY AGREEMENT AND FIXTURE FILING

3.1 Security Agreement. To secure the Obligations Ground Lessee hereby grants to Beneficiary a continuing security interest in, and lien upon, Ground Lessee's right, title and interest in and to, whether now owned or hereafter acquired, (1) all Property to the extent that it is not encumbered by this Trust Deed as a real estate lien; (2) all personal property that is used or will be used in the construction of any Improvements on the Property; (3) all personal property that is now or will hereafter be placed on or in the Property or Improvements; (4) all personal property that is derived from or used in connection with the use, occupancy, or enjoyment of the Property; (5) and all property defined in the Oregon Uniform Commercial Code ("UCC"), as accounts, equipment, fixtures, and general intangibles, to the extent that they are used at, or arise in connection with the ownership, maintenance, or operation of, the Property; (6) all causes of action, claims, security deposits, advance rental payments, utility deposits, refunds of fees or deposits paid to any governmental authority, refunds of taxes, and refunds of insurance premiums relating to the Property; (7) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Property or interests in the Property; and (8) all present and

future attachments, accessions, amendments, replacements, additions, products, and proceeds of every nature of the foregoing. This Trust Deed constitutes a security agreement and a "fixture filing" under the UCC regarding secured transactions. The mailing address of Ground Lessee and the address of Beneficiary from which information may be obtained are set forth at the outset of this Trust Deed. The organizational identification number of Ground Lessee is **101608198**. Ground Lessee agrees that Beneficiary has the right to file UCC financing statements, instruments and documents and Ground Lessee agrees to take such other action as may be necessary or appropriate to perfect or continue the perfection of Beneficiary's security interest in such collateral.

3.2 Fixture Filing. To the extent any of the Property constitutes fixtures subject to the Oregon Uniform Commercial Code, this Trust Deed shall also be effective as a financing statement filed as a fixture filing pursuant to ORS 79.0502, between Grantor as debtor and Beneficiary as secured party, covering such Property, which is or is to become fixtures related to the Land. The parties agree that a photographic or other reproduction of this Trust Deed will be sufficient as a financing statement and as a fixture filing and may be filed in any appropriate office in lieu thereof to the extent permitted by law.

4. ASSIGNMENT OF LEASES AND RENTS

4.1 Assignment. Ground Lessor hereby assigns to Beneficiary and grants to Beneficiary a security interest in the Ground Lease, and Ground Lessee hereby assigns to Beneficiary and grants to Beneficiary a security interest in all existing and future leases, licenses, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements, including all modifications, extensions and renewals of them (the "**Leases**"). Grantor further assigns to Beneficiary the right to receive all of the rents, income, receipts, revenues, issues, profits, income, proceeds and benefits of any nature now due or which may become due to Grantor, including without limitation basic and percentage rent, payments for use of parking areas or other common areas and lease and security deposits, arising from or related to the Land or the Improvements (collectively, the "**Rents**"); subject, however, to the license set forth in Section 4.4.

This assignment is intended by Grantor and Beneficiary to create a present and unconditional assignment to Beneficiary, subject only to the license set forth in Section 4.4 below.

4.2 Rights of Beneficiary. Subject to the provisions of Section 4.4 below giving Grantor a revocable, limited license, Beneficiary will have the right, power, and authority to:

(a) Notify any and all tenants, renters, licensees, and other obligors under any of the Leases that the same have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has foreclosed or commenced foreclosure proceedings against the Property, and whether or not Beneficiary has taken possession of the Property;

(b) Discount, settle, compromise, release, or extend the time for payment of any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary;

(c) Collect and enforce payment of Rents and all provisions of the Leases, and to prosecute any action or proceeding, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and

(d) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

4.3 Application of Receipts. Beneficiary will have the right, power, and authority to use and apply any Rents received under this Trust Deed (a) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Beneficiary, and in collecting any Rents; and (b) for the operation and maintenance of the Property and the payment of all costs and expenses in connection therewith, including but not limited to the payment of utilities, taxes, assessments, governmental charges, and insurance. After the payment of all such costs and expenses, and after Beneficiary has set up any reserves that it deems necessary in its sole discretion for the proper management of the Property, Beneficiary will apply all remaining Rents collected and received by it to the reduction of the Obligations in any order that Beneficiary may determine. Beneficiary's exercise or failure to exercise any of the rights or powers granted in this assignment will not constitute a waiver of any Event of Default under this Deed, the Note, or any of the other Loan Documents.

4.4 License. Beneficiary hereby grants to Grantor a revocable license to, either itself or through a receiver, collect and receive the Rents. This license may be revoked by Beneficiary, without notice to Grantor, on the occurrence of any Event of Default or an event that, with notice or passage of time, or both, would become an Event of Default. Beneficiary will not be deemed to be in possession of the Property solely by reason of exercise of the rights contained in this Section 4.4. Unless and until the license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the Obligations and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Property, and to the maintenance of the Property, before using the proceeds for any other purpose. Grantor agrees to (a) observe and perform every obligation of Grantor under the Leases, (b) enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases, (c) promptly give notice to Beneficiary of any default by any such lessee or other party under any of the Leases, and promptly provide Beneficiary with a copy of any notice of default given to any such lessee or other party, (d) not collect any Rents more than 30 days in advance of the time when they become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent, (e) not further assign or hypothecate any of the Leases or Rents, (f) except with Beneficiary's prior written consent, not waive, release, or in any other manner discharge any lessee or other party from any of its obligations under any of the Leases relating to commercial space, if any, (g) except with Beneficiary's prior written consent, not modify or amend the Ground Lease or any of the Leases relating to commercial space, if any, (h) except with Beneficiary's prior written

consent, not cancel, terminate, or accept surrender of the Ground Lease or of any of the Leases relating to commercial space, if any, unless Grantor has entered into a Lease for the commercial space to be vacated on terms at least as favorable to Grantor, commencing within 30 days after such cancellation, termination, or surrender. (i) obtain Beneficiary's prior written approval on the form and content of all future commercial Leases and any modifications of any present or future commercial Leases, (g) obtain Beneficiary's prior written approval on the standard form of residential Lease and modifications of any present or future residential Lease from the approved standard residential Lease form, (h) deliver copies of all present and future commercial Leases to Beneficiary promptly, and (i) appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents. If any Lease is rejected in any proceeding under the U.S. Bankruptcy Code or any other federal, state, or local statute, no damage settlement may be made without the prior written consent of Beneficiary. Grantor will request that any check in payment of damages for rejection or termination of any such Lease be made payable to both Grantor and Beneficiary. Grantor hereby assigns any such payment to Beneficiary.

4.5 Limitation of Beneficiary's Obligations. Notwithstanding the assignment provided for in this Section 4, Beneficiary will not be obligated to perform or discharge, and Beneficiary does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment will not operate to place responsibility for the control, care, maintenance, or repair of the Property on Beneficiary, or to make Beneficiary responsible for any condition of the Property. Beneficiary will be accountable to Grantor only for the sums actually collected and received by Beneficiary under this assignment. Grantor will hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend (subject to ORS Chapter 180) Beneficiary against any and all claims, demands, liabilities, losses, damages, and expenses, including attorneys' fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise therefrom.

4.6 Termination. The assignment provided for in this Section 4 will continue in full force and effect until all the Obligations have been fully paid and satisfied. At such time, this assignment and the authority and powers herein granted by Grantor to Beneficiary will cease and terminate.

4.7 Attorney-in-Fact. Grantor irrevocably constitutes and appoints Beneficiary, and each of its officers, as its true and lawful attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers, and authorities described in this Section 4 with the same force and effect as if undertaken or performed by Grantor, and Grantor ratifies and confirms any and all such actions that may be taken or omitted to be taken by Beneficiary, its officers, employees, agents, and attorneys.

5. EVENTS OF DEFAULT

Any of the following will be an event of default (each an "**Event of Default**") under this Trust Deed:

5.1 Failure to Pay Obligations When Due. Ground Lessee fails to pay any sum due under the Note within ten (10) days after the date it is due, or Grantor fails to pay any other amount required to be paid by Grantor pursuant to this Trust Deed or any of the Loan Documents (including, without limitation, taxes, assessments, insurance and any other payment necessary to prevent filing or imposition of any liens) within ten (10) days after written notice of nonpayment from Beneficiary specifying the default.

5.2 Failure to Comply with Covenants. Grantor fails to perform or abide by any covenant in this Trust Deed or in any of the Loan Documents (other than as specified in any other subsection of this Section 5) and such failure, to the extent curable, is not cured within thirty (30) days after written notice from Beneficiary specifying the default or, if such breach cannot with due diligence be cured within such period, Grantor fails within such thirty (30) day period to commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event shall occur within sixty (60) days after the Event of Default).

5.3 Failure to Obtain Beneficiary's Consent to Transaction. Except as permitted in the Loan Agreement, this Trust Deed or the other Loan Documents, Grantor uses Loan proceeds, in violation of the terms of the Note, this Trust Deed, or any of the Loan Documents, or changes the use of the Property without Beneficiary's prior written consent.

5.4 Failure to Comply. Grantor fails to comply, perform or discharge any other obligation of Grantor under the Note, the Loan Agreement, this Trust Deed (other than as specified in any other subsection of this Section 5), or any of the Loan Documents and fails to cure the failure within the applicable cure period, if any, set forth therein.

5.5 Bankruptcy or Insolvency

(a) Grantor or any guarantor of the Loan (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (ii) admits in writing its inability to pay, or generally is not paying, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) commences a voluntary action under the United States Bankruptcy Code (as now or hereafter in effect), (v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, (vi) fails to controvert in a timely or appropriate manner, or acquiesces or consents in writing to, any petition filed against it, in an involuntary action under the United States Bankruptcy Code (as now or hereafter in effect), or (vii) takes any action for the purpose of effecting any of the foregoing.

(b) (i) A proceeding or case is commenced against Grantor, without its consent, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, windup, or composition or readjustment of the debts of Grantor, (ii) a receiver, trustee, custodian, liquidator, or the like is appointed for Grantor or for all or a substantial part of its assets, or (iii) relief is granted to Grantor under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, and such proceeding or case continues undismissed, or an

order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for any period of 20 days, or (iv) an order for relief against Grantor is entered in an involuntary case under the United States Bankruptcy Code (as now or hereafter in effect).

5.6 Misinformation. Falsity when made in any material respect of any representation, warranty, or information furnished by or on behalf of Grantor or its agents to Beneficiary in or in connection with any of the Obligations.

5.7 Default Under Other Loans. Grantor defaults under any other loan (including any construction, permanent, or bond financing) secured in whole or in part by the Property, including any loan secured by a Permitted Exception, and fails to cure such default within any applicable cure period set forth in the loan documents relating to such loan.

5.8 Discontinued Construction. Construction of the Project is discontinued or prohibited for at least 30 consecutive days, or the Property is abandoned.

5.9 Failure to Diligently Pursue the Project. Ground Lessee fails to diligently pursue the Project during the Construction Period, including the Lease-up Period. Ground Lessee agrees to comply with the Project schedule approved by Beneficiary and attached to the Loan Agreement.

5.10 Notice and Cure by Ground Lessee's Investor. With respect to any event that, with notice or lapse of time or both would become an Event of Default, Beneficiary shall accept a tender of cure from Ground Lessee's investor member or limited partner on the same terms and conditions as Beneficiary would accept a tender of cure from Grantor.

5.11 Certain Taxes. For purposes of this subsection 5.11, State Tax shall mean:

(a) A specific tax on mortgages, trust deeds, secured indebtedness, or any part of the Obligations secured by this Trust Deed.

(b) A specific tax on the grantor of property subject to a trust deed that the taxpayer is authorized or required to deduct from payments on the trust deed.

(c) A tax on property chargeable against Beneficiary or Trustee under a trust deed or holder of the note secured by the trust deed.

(d) A specific tax (other than an income tax or a gross receipts tax) on all or any portion of the Obligations or on payments of principal and interest made by Grantor.

If any State Tax is enacted after the date of this Trust Deed applicable to this Trust Deed, enactment of the State Tax shall constitute an event of default, unless the following conditions are met:

(i) Grantor may lawfully pay the tax or charge imposed by the State Tax without causing any resulting economic disadvantage or increase of tax to Beneficiary or Trustee, and

(ii) Grantor pays or agrees in writing to pay the tax or charge within 30 days after notice from Beneficiary or Trustee that the State Tax has been enacted.

6. RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Beneficiary may, at its option, exercise any one or more of the following rights and remedies:

6.1 Acceleration. Beneficiary may declare the entire remaining unpaid balance of principal and unpaid accrued interest and other charges payable by Grantor pursuant to the Note or any other Loan Document, to be immediately due and payable in full.

6.2 Receiver. Beneficiary may have a receiver appointed for the Property. Beneficiary will be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the Obligations secured by this Trust Deed. Employment by Trustee or Beneficiary will not disqualify a person from serving as receiver. Grantor consents to the appointment of a receiver at Beneficiary's option and waives any and all defenses to such an appointment.

6.3 Possession. Beneficiary may, either through a receiver or as lender-in-possession, enter and take possession of all or any part of the Property and use, operate, manage, and control it as Beneficiary shall deem appropriate in its sole discretion. Upon request after an Event of Default, Grantor will peacefully relinquish possession and control of the Property to Beneficiary or any receiver appointed under this Trust Deed.

6.4 Foreclosure. At Beneficiary's direction, the Trustee will have the right to foreclose by notice and sale, or Beneficiary will have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. In any judicial foreclosure, Beneficiary will be entitled to obtain a deficiency judgment (subject to any applicable nonrecourse provisions in the Note) for any amount by which the amount of the Obligations secured hereby exceeds the sale proceeds.

6.5 Waiver of Rights. Notwithstanding subsection 6.2, Beneficiary will have the right, at its sole option, to waive its rights under this Trust Deed and pursue an independent action upon the Note, unless the Note is nonrecourse by its express terms. The Note, Trust Deed, and other Loan Documents are separate and distinct instruments separately or collectively enforceable in accordance with their terms.

6.6 Rights and Remedies. Beneficiary will have any other right or remedy provided in this Trust Deed, the Note, the Loan Documents, or any other instrument delivered by Grantor in connection therewith, or available at law, in equity, or otherwise in such order and manner as it may select.

6.7 Notification to Obligors to Pay Rent Directly to Beneficiary. Beneficiary may at any time, without notice, either in person, by agent or by receiver to be appointed by a court, enter

upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the Obligations secured by this Trust Deed. Without regard to the adequacy of the security for the Obligations hereby secured, Beneficiary or such receiver may notify obligors of Rents to pay Beneficiary directly, may enter upon and take possession of the Property or any part thereof, in its own name, and may sue or otherwise collect any and all Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys fees, upon any Obligations secured hereby, and in such order as Beneficiary may determine. Beneficiary and any receiver shall be liable to account only for those rents actually received.

6.8 Uniform Commercial Code. Beneficiary will have all rights and remedies under the Oregon Uniform Commercial Code, as amended from time to time. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or any other intended disposition of personal property collateral is to be made. Reasonable notice shall mean notice given at least ten (10) days before **the time of the sale or disposition.**

6.9 Exercising Rights and Remedies. In exercising its rights and remedies, Beneficiary may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions and in any order that Beneficiary may choose, without regard to the right of Grantor, Borrower, any person claiming under Grantor or Borrower, or any guarantor or surety to the marshalling of assets. The purchaser at any such sale will take title to the Property or the part of it so sold, free and clear of Grantor's estate, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Beneficiary and each of its officers are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Property or any portions of it so sold and, for that purpose, Beneficiary and its officers may execute all appropriate instruments of transfer. Nevertheless, Grantor will ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Beneficiary or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Beneficiary, for that purpose. Beneficiary may bid at any public sale on all or any portion of the Property. A waiver of a breach of a provision of this Trust Deed will not constitute a waiver of or prejudice the right otherwise to demand strict compliance with that provision or any other provision. An election by Beneficiary to pursue any remedy will not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Grantor will not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

6.10 Foreclosure of Lessee's Rights - Subordination. Subject to the Local Innovation and Fast-Track Housing Program Inter-Creditor Agreement dated on or about the date hereof by and between Beneficiary, **Zions Bancorporation, National Association**, as trustee, and **Umpqua**

Bank, as bond purchaser, Beneficiary will have the right, at its option, to foreclose this Trust Deed subject to the rights of any lessee(s) of the Property. Beneficiary's failure to foreclose against any lessee will not be asserted as a claim against Beneficiary or as a defense against any claim by Beneficiary in any action or proceeding. Beneficiary, at any time, may subordinate this Trust Deed to any or all of the lessees, except that Beneficiary will retain its priority claim to any condemnation or insurance proceeds.

6.11 Repairs During Redemption. In the event of a judicial foreclosure, the purchaser during any redemption period may make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Property. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment will be added to the amount required to be paid for redemption of the Property.

6.12 Event of Foreclosure. In the event of any judicial or nonjudicial foreclosure sale, Beneficiary in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.

6.13 Proceeds of Sale. Subject to the provisions of applicable law, the proceeds of any sale under this Trust Deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured Obligations (which includes any applicable prepayment premium or fee) in any order that Beneficiary chooses, and then to any other person or persons who may establish to the satisfaction of Beneficiary that they are legally entitled to it.

6.14 Grantor's Waiver of Rights Upon Sale. Grantor waives all rights to direct the order or combinations in which any of the Property will be sold, and also any right to have any of the Property marshaled upon any sale. Grantor acknowledges that there is no fiduciary relationship between Grantor and Trustee or between Grantor and Beneficiary.

6.15 During Construction.

(a) Beneficiary will have the right to take over and cause the Property to be completed and, for that purpose, make disbursements from the undisbursed Loan funds. Any contract entered into or indebtedness incurred on the exercise of such right may be exercised by Beneficiary in the name of Grantor, and Beneficiary is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or loan agreements theretofore made by or on behalf of Grantor, and to do any and all things necessary or proper to complete the work of construction, including the signing of Grantor's name to such contracts and documents as may be deemed necessary by counsel for Beneficiary. In no event will Beneficiary be required to use its own funds to complete the Project if undisbursed Loan funds are insufficient, but Beneficiary may, at its option, advance such funds. Any funds so advanced will be payable to Beneficiary by Grantor on demand

together with interest thereon at the Default Rate under the Note and will be secured by this Trust Deed.

(b) Beneficiary will have the right to suspend or terminate its obligation to make further disbursement of Loan proceeds.

6.16 Interest on Default. Upon the occurrence of any Event of Default, the Note will accrue interest on the unpaid principal balance from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, the Default Rate under the Note. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

6.17 Rights and Remedies Cumulative. All rights and remedies described in Section 6 are cumulative and in addition to any other remedy Beneficiary may have by agreement, at law, or in equity. Partial exercise of any right or remedy will not limit or restrict Beneficiary's subsequent exercise of such right or remedy nor will it restrict Beneficiary's contemporaneous or subsequent exercise of any other right or remedy.

6.18 No Waiver. No failure or delay of Beneficiary in exercising any right hereunder shall operate as a waiver of that right or any other right. No modification or waiver of any provision of this Trust Deed or any other Loan Document will be effective unless in writing, and then only in specific instance and for the purpose given. No notice or demand on Grantor will entitle Grantor to any other notice or demand in other similar circumstances.

6.19 Payment of Costs of Collection. In case of a default, or in case litigation is commenced to enforce or construe any term of this Trust Deed, the Note, or any other Loan Document, to the extent permitted by law, the losing party will pay to the prevailing party such amounts as will be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorneys' fees and costs prior to and at trial, on appeal, or in any bankruptcy proceeding. Reasonable attorneys' fees shall not exceed the rate charged to the Beneficiary by its attorneys.

7. CONDEMNATION AND CASUALTY

7.1 Assignment of Proceeds. All claims, compensation, awards, damages, payments, rights of action, and proceeds, including the proceeds of any insurance affecting the Property, arising out of any taking or damage by reason of any public or private improvement, eminent domain, condemnation proceeding, zoning change or conveyance in lieu thereof, fire, earthquake or other casualty (collectively the "**Proceeds**"), are hereby assigned to and will be paid to Beneficiary. Beneficiary may, at its discretion apply the Proceeds to satisfaction of the Obligations secured hereby in any order that Beneficiary may determine or apply the same to the repair or restoration of the Property; provided, however, Beneficiary will elect to apply the Proceeds to repair or restoration if the Proceeds, together with any funds from Grantor are sufficient, in Beneficiary's judgment, to complete such repair or restoration. Grantor agrees to execute such further

assignments to Beneficiary of any Proceeds as Beneficiary or Trustee may require. In the event any Proceeds are paid to Grantor, such Proceeds will promptly (within five (5) days of receipt thereof) be paid over to Beneficiary for the purposes set forth in this Section 7.1. Notwithstanding the above, if the Proceeds plus any additional funds of Grantor will permit the damaged or taken Improvements to be replaced with Improvements of equal or greater value, then the Proceeds (less certain administrative and legal costs of Beneficiary) will be disbursed to Ground Lessee for such replacement through a Beneficiary-controlled account on any terms and conditions that Beneficiary may require, including but not limited to prior approval of plans and release or waiver of liens, and provided it is economically and legally feasible to do so, in the reasonable judgment of Beneficiary. No condemnation Proceeds will be released if an Event of Default has occurred and is continuing.

7.2 Notification of Damage, Injury, Loss or Condemnation Proceedings. Grantor shall immediately notify Beneficiary in writing if: (i) any damage occurs or any injury or loss is sustained in the amount of \$25,000 or more to all or part of the Property, or any action or proceeding relating to any such damage, injury or loss is commenced; or (ii) any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property. If Beneficiary chooses to do so, it may in its own or Grantor's name commence, appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and it may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Grantor in adjusting any loss covered by insurance. If the Property is taken in its entirety by condemnation, all Obligations secured by this Trust Deed, at Beneficiary's election, will become immediately due and collectible.

8. MISCELLANEOUS

8.1 Indemnification. Except as limited by Section 8.4, Grantor shall indemnify Beneficiary and Trustee and their respective directors, officers, employees, agents, and attorneys against and hold them harmless from any and all liabilities, claims, losses, damages, and expenses (including attorneys fees) which Beneficiary, Trustee and their respective directors, officers, employees, agents, and attorneys may suffer or incur in connection with (a) the breach of any representation or warranty made by Grantor under this Trust Deed, or (b) Grantor's failure to perform any of its covenants or obligations under this Trust Deed. The indemnity obligations of Grantor will survive the reconveyance or foreclosure hereof.

8.2 Severability. If any of the provisions contained in this Trust Deed shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in this Trust Deed will not be affected.

8.3 Attorney Fees. To the extent permitted by law, in the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, the prevailing party will be entitled to recover its reasonable attorneys' fees at trial, on any appeal and on any petition for review, in addition to all other sums provided by law. Reasonable attorneys' fees shall not exceed the rate

charged to the Beneficiary by its attorneys. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights will become a part of the Obligations secured hereby and will bear interest from the date of expenditure until repaid at the Default Rate. Expenses covered by this Section 8.3 include (without limitation) the cost of searching records, discovery deposition costs, obtaining title reports, surveyors' reports, attorney opinions, title insurance and fees for Trustee.

8.4 Recourse Provision. The obligations under the Note, including the obligations secured by this Trust Deed, are with recourse to the Grantor and any of its general partners or managing members, as applicable, unless and until the Loan is converted to the Permanent Loan. Upon conversion of the Loan to the Permanent Loan, notwithstanding any other provision of the Note or the Loan Agreement, but subject to the qualifications set forth below in this Section and in the Repayment and Completion Guaranty Agreement of even date herewith between **Luckenbill-Drayton & Associates, LLC**, and Oregon limited liability company and **Klamath Housing Authority**, an Oregon public body corporate and politic and Beneficiary, the obligation to pay the indebtedness evidenced by or arising under the Note will be nonrecourse as to Grantor and its partners or members, as applicable, except as to their rights, if any, in the Property described in this Trust Deed, and no personal judgment may be obtained against Grantor or any of its partners or members, as applicable; provided, however, that Grantor and its general partners or managing members, as applicable, will be personally liable for (a) failure to pay taxes, assessments, or other charges which could result in liens (including construction liens) against the Property described in this Trust Deed, (b) retention by Grantor or its general partners or managing members, as applicable, of any rental or other income or insurance or condemnation proceeds arising with respect to such Property which, under the terms of this Trust Deed, should have been paid to Beneficiary, and (c) any liability or losses incurred by Beneficiary as a result of any fraud or deceit by Grantor in connection with this Loan.

8.5 Assignment. Grantor may only assign its rights and obligations hereunder with the written consent of Beneficiary; provided, however, that no assignment shall invalidate or impair the effectiveness of this Trust Deed or the covenants contained herein.

8.6 Due on Sale or Transfer; No Change in Use.

(a) Subject to the terms and conditions of the Operating Agreement, any sale or transfer (or any attempted sale or transfer) of all or any part of, or any interest in, the Land or the Property, or any beneficial interest in Ground Lessee, without the prior written consent of Beneficiary (which Beneficiary may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited sale or transfer, the Note and all other Obligations secured by this Trust Deed will become immediately due and payable in full. As used herein, the term "sale or transfer" is used in its broadest sense, and includes, encumbrance, pledge, or grant of a security interest in all or any part of the Property, or any interest therein and with respect to the Land or Property, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or

consolidation, and with respect to a beneficial interest in Ground Lessee, a sale, gift or other transfer of any partnership, stock, membership or other ownership interest in Ground Lessee other than a transfer upon death of the owner of such interest.

Notwithstanding who is the holder of the Note, Beneficiary reserves the right to approve a sale or transfer as described in this Section. Any transferee will be bound by the terms of this Trust Deed. Grantor will notify Beneficiary of any proposed or actual sale or transfer as required in the Operating Agreement.

Subject to the terms and conditions of the Operating Agreement, Beneficiary may attach any conditions to its consent under this Section 8.6(a) that Beneficiary may determine in its sole discretion, including without limitation an increase in the interest rate or the payment of transfer or assumption fees, and the payment of administrative and legal fees and costs incurred by Beneficiary.

(b) Grantor will not change the use of the Property without Beneficiary's prior written consent, which may be withheld or conditioned in Beneficiary's sole and absolute discretion.

8.7 Time of Essence. Time is of the essence of each of Grantor's obligations under this Trust Deed.

8.8 Waivers by Grantor. Without affecting any of Grantor's obligations under the Loan Documents, Grantor waives the following: (a) any right to require Beneficiary to proceed against any specific party liable to sums due under the Loan Documents or to proceed against or exhaust any specific security for sums due under the Loan Documents; (b) notice of new or additional indebtedness of any Grantor or any other party liable for sums due under the Loan Documents to Beneficiary; (c) any defense arising out of Beneficiary entering into additional financing or other arrangements with Grantor or any other party liable for sums due under the Loan Documents and any action taken by Beneficiary in connection with any such financing or other arrangements or any pending financing or other arrangements; (d) any defense arising out of the absence, impairment, or loss of any or all rights of recourse, reimbursement, contribution or subrogation or any other rights or remedies of Beneficiary against any Grantor or any other party liable for sums due under the Loan Documents or any Property; and (e) any obligation of Beneficiary to see to the proper use and application of any proceeds advanced pursuant to the Loan Documents.

8.9 Right of Subrogation. Beneficiary is subrogated to the rights, whether legal or equitable, of all beneficiaries, mortgagees, lienholders and owners directly or indirectly paid off or satisfied in whole or in part by any proceeds advanced by Beneficiary under the Loan Documents, regardless of whether such parties assigned or released of record their rights or liens upon payment.

8.10 Joint and Several Liability. If there is more than one Grantor of this Trust Deed, their obligations will be joint and several.

8.11 Statement of Amount Owning. Grantor within fifteen (15) days after request by Beneficiary will furnish Beneficiary a written statement of the amount due under the Loan Documents, any offsets or defenses against the amount claimed by Grantor, and such other factual matters as Beneficiary may reasonably request. If Grantor fails to provide this statement within the time allowed, Beneficiary will be authorized, as Grantor's attorney-in-fact, to execute and deliver the statement. On request, Grantor will also use its best efforts to obtain and deliver to Beneficiary a written certificate from each lessee of all or any portion of the Property that its lease is in effect, that there are no defaults by the lessor under the lease, and that rent is not paid more than 30 days in advance.

8.12 Controlling Document. In the event of a conflict or inconsistency between the terms and conditions of this Trust Deed and the terms and conditions of any other of the Loan Documents (except for any separate assignment of the Rents or Leases and the Loan Agreement which shall prevail over this Trust Deed), the terms and conditions of this Trust Deed will prevail.

8.13 Notice. Any notice required or permitted under this Trust Deed will be in writing and will be deemed effective: (1) when actually delivered in person, (2) one business day after deposit with a commercial courier service for "next day" delivery, (3) two business days after having been deposited in the United States mail, postage prepaid, as certified or registered mail, or (4) when transmitted by facsimile and answer back is received or receipt is confirmed, addressed to the parties as follows (or to such other address as a party may by notice the other parties designate:

Lender: Oregon Housing and Community Services
725 Summer Street, Suite B
Salem, OR 97301-1266
Attn: Compliance Dept.

With a copy to: Oregon Department of Justice
1162 Court St. NE
Salem, Oregon 97301
Attn: Hannah Fenley

Ground Lessee: Sunrise Vista Apartments, LLC
c/o Luckenbill-Drayton & Associates, LLC
1007 NW Rimrock Drive
Redmond, OR 97756
Attention: Dee Luckenbill
E-mail: luknbill@qwestoffice.net
Telephone: (541) 728-1582

Ground Lessor: Housing Authority of Klamath Falls
1445 Avalon
Klamath Falls, OR 97601
Attention: Executive Director
E-mail: diana@klamathhousing.org
Telephone: (541) 884-0649

With a copy to: Rita L. Spears Law Firm
5777 S. Rural Rd., #4
Tempe, AZ 85283
Attention: Rita Spears
E-mail: rita@rspearslaw.com
Telephone: (480) 966-8383

With a copy to: Dagle Law Office, LLC
9755 SW Barnes Road, Suite 695
Portland, Oregon 97225
Attention: Paul Dagle
Email: paul.dagle@daglelaw.com
Telephone: (503) 546-4493

To the Investor: Hunt Capital Partners Tax Credit Fund 31, LP
c/o Hunt Capital Partners
15910 Ventura Blvd., Suite 1100
Encino, CA 91436
Attention: Jeffrey N. Weiss
Fax: (818) 380-6101

With a copy to: Nixon Peabody LLP
799 9th Street, N.W., Suite 500
Washington, DC 20001
Attention: Matthew W. Mullen

Bank: Umpqua Bank
One SW Columbia Street, Suite 1170
Portland, OR 97258
Telephone: (503) 219-6195
Attention: Gina Leon
Email: ginaleon@umpquabank.com

With a copy to: Miller Nash Graham & Dunn LLP
3400 U.S. Bancorp Tower
111 SW Fifth Avenue
Portland, OR 97204-3699
Telephone: (503) 205-2548
Attention: Catherine A. Shaw, P.C.
Email: catherine.shaw@millernash.com

To the Trustee:

Zions Bancorporation, National Association
Corporate Trust, Zions Bank Division
1211 SW Fifth Avenue, Suite 1250
Portland, OR 97204
Telephone: (503) 548-1030
Attention: Corazon Gruenberg
Email: corazon.gruenberg@zionsbank.com

8.14 Commercial Property. Grantor covenants and warrants that the Property and Improvements are used by Grantor exclusively for business and commercial purposes. Grantor also covenants and warrants that the Property and Improvements are not now, and at no time in the future will be, occupied as the principal residence of Grantor, Grantor's spouse, or Grantor's minor or dependent child.

8.15 Standard for Discretion. If this Trust Deed is silent on the standard for any consent, approval, determination, or similar discretionary action, the standard will be sole and unfettered discretion as opposed to any standard of good faith, fairness, or reasonableness.

8.16 Substitute Trustee. Beneficiary may at any time substitute one or more trustees to execute the trust created by this Trust Deed, and the new trustee or trustees will succeed to all the powers and duties of the prior trustee or trustees.

8.1.7 Trust Deed Binding on Successors and Assigns. This Trust Deed is binding upon and inures to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary. If the Property or any portion of it becomes vested in any person other than Grantor, Beneficiary will have the right to deal with the successor regarding this Trust Deed, the Property, and the Obligations in any manner that Beneficiary deems appropriate in its sole discretion, without notice to or approval by Grantor and without impairing the liability of Grantor or the Borrower for the Obligations.

8.16 Statutory Notice. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING

PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.


[Signature Page Follows]

By signing below, Grantor accepts and agrees to the terms and covenants contained in this Trust Deed and in any Exhibits attached hereto.

GRANTOR: **SUNRISE VISTA APARTMENTS, LLC**
an Oregon limited liability company
Tax ID: 35-2508445

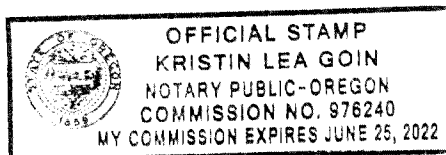
By: **LDA-SVA Development, LLC,**
an Oregon limited liability company,
its Managing Member


By: **Luckenbill-Drayton & Associates, LLC**
an Oregon limited liability company
its Manager

By: 
Lisa Drayton
Manager

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me on this 7 day of April, 2020 by Lisa Drayton, Manager of Luckenbill-Drayton & Associates, LLC, the Manager of LDA-SVA Development, LLC, the Managing Member of Sunrise Vista Apartments, LLC, for and on behalf of Grantor.




Notary Public for Oregon
My commission expires: June 25, 2022

GRANTOR:

Klamath Housing Authority
an Oregon public body corporate and politic,
Tax ID: 93-0637235

By:


Diana Otero, Executive Director

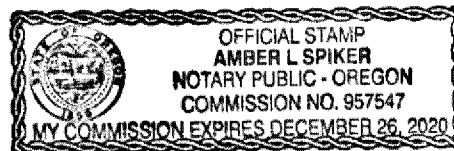
STATE OF OREGON

)

) ss.

COUNTY OF KLAMATH

)



This instrument was acknowledged before me on this 13 day of April, 2020, by Diana Otero, Executive Director for and on behalf Klamath Housing Authority as Grantor.

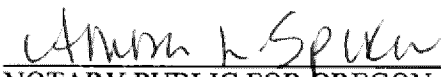

NOTARY PUBLIC FOR OREGON
My Commission Expires: December 26, 2020

EXHIBIT A
Legal Description

PARCEL 1:

Parcel 2 of Land Partition 2-17 Replat of Parcel 2 of Land Partition 8-00 situate in SE1/4 NE1/4 Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, recorded May 8, 2017 in 2017-004773, Records of Klamath County, Oregon.

PARCEL 2:

60 foot Access Easement as designated and delineated on Land Partition 2-17 Replat of Parcel 2 of Land Partition 8-00 situate in SE1/4 NE1/4 Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, recorded May 8, 2017 in 2017-004773, Records of Klamath County, Oregon.

EXHIBIT B
[Permitted Exceptions]

EXHIBIT B
[Permitted Exceptions]

Permitted Encumbrances Senior to Trust Deed:

1.	An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument: Granted To: California-Pacific Utilities Company Recorded: February 12, 1974 Volume: M74, page 2279
2.	Public Sanitary Sewer Easement as shown on the Partition Plat No. 02-17
3.	Public Storm Drain Easement as shown on the Partition Plat No. 02-17
4.	Public Utility Easement as shown on the Partition Plat No. 02-17
5.	Matters as disclosed by Survey by Adkins Engineering and Surveying, Dated: December 21, 2009 Revised: December 10, 2019 Revised: March 10, 2020 Revised: March 26, 2020 Job No: 3357-04 As Follows: Unknown Underground Communications Line Affects: As shown on said survey
6.	Regulatory Agreement by and among Oregon Housing and Community Services, Sunrise Vista Apartments, LLC, and Zions Bancorporation, National Association
7.	Pass-Through Revenue Bond Program, Low Income Housing Tax Credit Program, Local Innovation and Fast Track Program & Multifamily Energy Program Operating Agreement and Declaration of Restrictive Covenants by and between Oregon Housing and Community Services and Sunrise Vista Apartments, LLC

Permitted Encumbrances Subordinate to Trust Deed are as shown in the Title Policy.